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PRIOR PAPERS ON THIS SUBJECT: NO (YES)

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21 SEP 1987

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ROUTING AND RECORD SHEET

SUBJECT: (Optional)

STAT

FROM: William F. Donnelly
Deputy Director for Administration

EXTENSION

NO. DD/A Registry 87-1977

DATE 21 September 1987

TO: (Officer designation, room number, and building)	DATE RECEIVED	DATE FORWARDED	OFFICER'S INITIALS	COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)
1. Executive Director 7E12 HQS				
2.				
3. Deputy Director of Central Intelligence				
4.				
5.				
6.				
7.				
8. DDA				
9.				
10.				
11.				
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15.				

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15 SEP 1987

MEMORANDUM FOR THE RECORD

SUBJECT: 13 August 1987 Meeting at Office of Personnel Management to Discuss CIA's Draft Human Resource and Compensation Proposal

Attendees:

CIA

Hugh E. Price, Director of Personnel

STAT [redacted] Deputy Director of Personnel for Policy, Analysis and Evaluation

STAT [redacted] Deputy Chief, Position Management and Compensation Division
Position Management and Compensation Division

Office of Personnel Management

Tony Ingrassia, Deputy Associate Director, Personnel System and Oversight Group
Donna Beecher, Assistant Director for Systems Innovation and Simplification
Joseph Cerio, Acting Chief, Research and Demonstration Staff
Paul Thomson, Research and Demonstration Staff
Lester Bodian, Research and Demonstration Staff

1. The purpose of this meeting was to exchange views with the Office of Personnel Management on our human resources report which previously had been sent to and read by the Office of Personnel Management participants. We explained that the genesis of the project stemmed from a concern that the General Schedule (GS) system did not adequately meet our needs; encouragement from both of our Congressional oversight committees to get away from a band-aid approach to personnel and compensation problems, to step back and review the entire system; and a belief that we could make major improvements in our personnel and compensation systems which not only would help us now, but position us to deal with many of the emerging problems about which both private sector corporations and the Office of Personnel Management were currently concerned.

2. The Office of Personnel Management representatives had studied our report and appeared to be reading from prepared comments. Ms. Donna Beecher, who took the substantive lead in responding, said that we could understand that in her career she had read a great many personnel reports and was not enthusiastic about reading one more thick report. However, as she read it,

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she got more and more excited, couldn't put it down and read it cover to cover. She said that the report was quite well done and she was speaking not just about the conclusions but about the whole methodology and approach used by the CIA Task Force. She noted that it did pick up on many of the experimental approaches sponsored by the Office of Personnel Management, but it also went well beyond the areas covered by the Civil Service Simplification Act which set the groundwork for the Navy's China Lake banding system and other experimental approaches.

3. The Office of Personnel Management representatives focused first on costs, stating that their compensation people felt we might be understating the estimated costs (two to three percent of total personnel services budget) of our proposal and also questioning how the government-wide comparability increases would be given to CIA employees if CIA also could adjust periodically its salary structure independent of the rest of the Federal Government. Mr. Ingrassia, noted, however, there was some dissonance between the Administration's insistence that all personnel experiments be revenue neutral (which the Navy's China Lake experiment is not) and Congressional understanding that a better personnel system might have to cost more. He specifically noted the absence of a revenue neutral requirement in the recent legislation which mandated an experimental personnel and compensation system for the National Bureau of Standards and he said that the Administration thought long and hard before deciding not to veto this legislation.

4. Ms. Beecher asked us to summarize some of our major goals. We noted that we wanted to:

- improve our career development system, and particularly expand our dual track career path to allow experts to advance without having to become managers;

- improve and streamline our position classification system with particular focus on the internal and external alignment of the various occupations; and

- improve our performance appraisal system and better recognize our above average performers.

Ms. Beecher said these goals came through in our report and she was pleased that we had not just focused on money issues.

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SUBJECT: 13 August 1987 Meeting at Office of Personnel Management to Discuss CIA's Draft Human Resource and Compensation Proposal

5. Our efforts to simplify the position classification system, making it more responsive to managers and less time and manpower intensive were received positively. Mr. Ingrassia noted that he was trying to achieve some streamlining even within the traditional General Schedule System. He detailed his efforts to produce a new Security Officer standard which, while greatly simplified, still ran to some 50 pages and he noted that it took all of his skill to resist Defense Department and other efforts to "improve" the new standard up to 200 pages.

6. The Office of Personnel Management representataves also liked our expanded options to recognize individual performance. They especially liked our bonus philosophy in contrast to the Navy's China Lake approach. In the Navy experiment where employees can either get a permanent increment or a bonus. The increments have come to be viewed as good but the bonuses are looked down upon as second prize. This has very negative cost implications. By contrast, under the CIA proposal, all employees who are performing well would get appropriate permanent increases and it would be the bonuses which would be used to distinguish the more outstanding performers.

7. The Office of Personnel Management representatives also liked our performance appraisal approach. They noted that government-wide far more than 50 percent of the people felt they were doing above average work and so a dual system--one for ratings, with the appropriate stroking of employees and better employee-supervisor communication, and a second, a panel system, for determining salary adjustments, was a useful way to go. We agreed that this decoupling of rating and salary decisions was useful as a transition step but stressed that ultimately we needed to increase the role of the line supervisor in the annual salary adjustment process.

8. Finally, the Office of Personnel Management representatives expressed interest in our annual leave and flexible benefits ideas and said that they would very much like to see how these proposals were developed as we moved from a preliminary draft to a final proposal.

STAT

Deputy Director of Personnel for
Policy, Analysis and Evaluation

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